



UNITED STATES
ATOMIC ENERGY COMMISSION

WASHINGTON, D.C. 20545

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August 15, 1974

MINUTES OF

OPERATIONAL POLICY SESSION 75-6

9:00 a.m., Monday, August 12, 1974, Commissioners' Conference Room
Germantown, Maryland

Commissioners

Dixy Lee Ray, Chairman
William E. Kriegsman
William A. Anders

General Manager

John A. Erlewine

General Counsel

Marcus A. Rowden

Secretary of the Commission

Paul C. Bender

Staff

J. Abbadessa	E. Kinter
R. Anders	M. Klein -
N. Barr	R. Kneip
J. Behrend	R. Kohler
M. Biles	J. Maher
R. Boger	W. McCool
R. Broxton	T. McCraw
H. Bruner	R. McKinney
J. Catalan	B. Mercer
J. Connor	r. Moore
J. Deal	M. Nash
J. Denny	I. Neddow
J. Dewar	G. Quinn
A. Friedman	T. Rehm
D. Garbriel	A. Rothenberg
C. Gaffney	J. Ryan
C. Gilbert	J. Schwennesen
E. Giller	J. Smith
H. Glauberman	A. Snell
R. Goldenberg	J. Snyder
E. Graves	R. Thorne
M. Hawkins	C. Troell
W. Hill	J. Williams
M. Kari	J. Yevick
J. Kiefer	

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I. SECY-75-66 - Request for Proposals for Demonstration Centrifuge Enrichment Facilities (DCEF)

A. Mr. Schwennesen described and discussed the following similarities and differences between the requirements of 10 CFR 25 and those patents and data features proposed in the RFP for the DCEF:

COMPANY DEVELOPED PATENT AND TECHNICAL DATA

	<u>10 CFR 25</u>		<u>RFP - DCEF</u>	
	<u>Private Enriching Exists</u>	<u>Non Exists</u>	<u>Private Enriching Exists</u>	<u>Non Exists</u>
Gov't obtains non-exclusive license to use in production or enrichment of SNM	yes	yes	yes	yes
Gov't must pay a reasonable royalty for the non-exclusive license	no	<u>yes</u>	no	<u>no</u>

The Private Enrichment Coordination Board's majority position is that in view of the expected substantial Government contribution to a DCEF program, the Government should receive a royalty free license to use private developments resulting from the DCEF program in the production or enrichment of SNM.

B. The Commission noted:

1. Mr. LeGassie's statements that the AEC under 10 CFR 25 would receive a 3% royalty on revenues from the use of the AEC's technology if a private enricher provides an enriching service, but if a private enricher does not so commit and the government uses industry's patents and technical data in constructing additional capacity, then the government should pay a reasonable royalty for so doing -- in effect giving industry a reasonable return on its investment;
2. Mr. Rowden's statements that:
 - a. accepting the position that the AEC should not have to pay a royalty cannot be viewed as changing the terms and conditions of the 10 CFR 25 access

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- b. there should be quid pro quo in that the AEC should not have to pay a royalty and having this clause would make it easier to defend the DCEF in Congress; and
3. Mr. Abbadessa's observations that the issue may be more theoretical than real, that, in general, government contracting contains a clause stipulating that the government shall receive a non-exclusive royalty free license, that by not having this clause and by subsidizing the DCEF participants (via a line item in the budget), it will become highly visible and may make justifying the DCEF more difficult in Congress.
- C. The Commission approved authorizing the solicitation of proposals of the DCEF RFP from the firms listed in Enclosure 3 of SECY-75-66. (DC)
- D. The Commission approved, with Chairman Ray dissenting, the inclusion of provisions in the contracts with successful proposers identical to those on 10 CFR 25 concerning patents and technical data made or conceived by the contractor to the effect that the government must pay a reasonable royalty for the non-exclusive license to use privately developed patent and technical data if private enrichers do not commit. (DC)
- E. The Commission noted:
1. the RFP and the evaluation procedure to be used will be essentially as set forth in the RFP and the Discussion section of SECY-75-66;
 2. it is proposed that costs of this program be recovered from all AEC enriching service customers by inclusion in the AEC charge for separative work;
 3. OMB will be advised prior to release of the RFP;
 4. the JCAE and the Appropriations Committees of the House and Senate will be advised at the time of release of the RFP by a letter similar to Enclosure 4 of SECY-75-66; and
 5. a public announcement similar to Enclosure 5 of SECY-75-66 will be issued when the RFP is released. (DC)

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C. The Commission approved:

rehabilitation plan. (OS)

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new policy, would be in the future.

- C. Commissioner Anders stated that this paper was one of the best prepared policy papers he had reviewed since coming to the Commission.
 - D. The Commission noted that it would have the opportunity to review core procurements annually.
 - E. The Commission approved the recommendations in SECY-75-67. (DC)
- IV. SECY-75-86 - Competition Versus Extension Without Competition of the Contract with the Computer Sciences Corporation (CSC) For Providing Computer Services at Richland
- A. Messers Erlewine, the General Manager, and Smith, Director,

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Division of Contracts, stated that:

1. the basic issue is one of competition -- whether to renew the present contract with the incumbent contractor or to conduct a new competition for the contract prior to its expiration on June 30, 1975;
2. on the one hand, such on-site contracts as computer services do not involve the unique programmatic qualifications of laboratory and production operating contractors, and there are an ample number of interested and qualified firms which would compete for these services; other government agencies open these types of contracts to competition much more frequently than has AEC, thus making the Commission vulnerable to criticism from GAO, Congress and others if we pursue the practice of long-term service contract extensions;
3. on the other hand, a change in contractors at the present time would inevitably result in a certain amount of disruption.

B. Mr. Abbadessa, the AGM/C, stated that an extension of this on-site service contract could possibly subject the Commission to the type of criticism it has received in the past for not opening up contracts to competition; if the Commission does desire some rotation of contracts and a more competitive situation, this type of service contract would provide a good opportunity to do so without much, if any, resultant disruption and dislocation.

C. The Commission approved conducting a new competition for the contract, with serious consideration given to incentives, prior to its expiration on June 30, 1975; CSC would be invited to bid. (DC)

V. SECY-75-96 - U.S.-USSR Protocol on Collaboration in Fast Breeder Reactors

A. Dr. Friedman stated that:

1. the proposed draft protocol would help to implement one portion of the Agreement on Scientific and Technical Cooperation for the Peaceful Uses of Atomic Energy signed in Washington by President Nixon and Secretary Brezhnev; and
2. the draft protocol, if approved by the Commission, will serve as the basis for negotiations with the Soviet Union during the September and October meetings

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2. the information no longer concerns the national security.

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~~Paul C. Bender~~
Paul C. Bender
Secretary of the Commission

(10:30 a.m.)

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